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EDAC D-145

April 14, 1958

ECONOMIC DEFENSE ADVISORY COMMITTEE

MEMORANDUM

To: Chairman, Economic Defense Advisory Committee
From: Chairman, Working Group I *HSB*
Subject: ^{25X6A} [REDACTED] Spare Parts for DC-3 Aircraft to Czechoslovakia.

A. THE PROBLEM

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1. To consider the [REDACTED] proposal to export to Czechoslovakia supplies of spare parts, to a value of about \$23,000, for the airframes of the 21 DC-3 aircraft operated by Ceskoslovenske Aerolinie (CSA), and for the Pratt and Whitney 1830-92 aero-engines installed in these aircraft.

2. To determine a U.S. position on this request in the light of:

a. Coverage of this equipment under ML Item 10.

b. The U.S. position in the 1958 List Review that the embargo status for this item should be maintained.

c. Para. 35 of the NSC paper on the U.S. civil aviation policy toward the Sino-Soviet bloc providing that civil aircraft may be supplied to certain satellite countries.

B. RECOMMENDATION OF WG I CHAIRMAN AND APPEAL TO EDAC

The Chairman recommended, subject to a further check into the question of whether or not a U.S. license would be required for this transaction, that the U.S. withdraw its objection to the proposed sale by [REDACTED] of spare parts for Czechoslovak DC-3 aircraft.

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The State and ICA members concurred. The Commerce member objected, but stated that he would not appeal. The Defense member objected, and subsequently advised that he would appeal to EDAC.

C. BACKGROUND INFORMATION

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In COCOM Doc. 2925 dated February 7, 1958 the [REDACTED] submitted subject case and gave the following background info on the proposed transaction.

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"The [redacted] authorities regret that, owing to an administrative error, the [redacted] firm concerned have already accepted the orders for these spares and have supplied parts to the value of about \$4,200. The quantities which have already been delivered are indicated in brackets in the attached Annex.

"Several Western European countries operate airline services into Czechoslovakia and agreement to the supply of these spares may help to promote satisfactory relations on the working level with the Czech civil air authorities. On the other hand, a refusal may unnecessarily damage these working relations.

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[redacted] are satisfied that the spares are to be used for the maintenance of civil aircraft only and that the strategic risk involved in this export is negligible: the aircraft are of an obsolete type and have been in operation for many years."

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On February 28 the USDEL was instructed to oppose [redacted] exception request because the U.S. authorities considered "civilian aircraft in the Soviet bloc to be a direct adjunct to the military air arm." The [redacted] has now requested the assistance of the [redacted] dated March 21, 1958) and the [redacted] Washington has also submitted a memorandum to the Department of State requesting the U.S. to reconsider its position.

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D. DISCUSSION IN WG I

At the WG I meeting of February 20 the Defense member strongly recommended U.S. objection to the proposed shipment because the civil aircraft of bloc countries are adjuncts of the military. He also expressed the view that the quantities involved in the subject case were sizeable, and he raised the question of the possible need for a U.S. transaction control license or a reexport license if the case were to be approved. At its meeting of March 10 the Working Group agreed to instruct the USDEL to object for the reasons previously stated by the Defense member.

In his memorandum submitted to the Working Group on April 10 the State member made the following points:

"It will be recalled that the Department initially favored approval of the British ad hoc exception on the grounds that the new United States aviation policy directive draws a distinction between the civil air fleets of the Soviet Union and those of the European satellites and provides for the export of spare parts to the satellites. The Department's willingness to concur in the United States position recommending denial of the spare parts was based on special political factors at that time relating to Czechoslovakia. These factors have been reviewed again in the light of the strong approach made by [redacted]

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"The Department of State now recommends to the Working Group that the [redacted] be notified that the United States has reconsidered its position and is not now

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disposed to maintain an objection to the proposed [REDACTED] export. The grounds for the Department's position are:

25X6 "1. The belief that, in view of the small quantity, continued opposition to the [REDACTED] on this case will do more to weaken the effectiveness of the cooperative multilateral system than it will to limit the Soviet bloc military aviation capability.

"2. Approval would be consistent with current aviation policy."

The Chairman, with the concurrence of the State and ICA members, recommended approval of the proposal made by State. The Commerce member objected mainly because of the statement made by [REDACTED] in its comments to the American Embassy that "Up to now the Czech airline has been able to obtain its supplies of spares for its DC-3's in some devious way from western sources," and that "The supply now by a western firm would not therefore necessarily ease Soviet manufacturing problems, but would only help to simplify the task of the airline's procurement officers." The Defense member maintained his position for the reasons previously stated and advised that he would object to the Chairman's recommendation and appeal to EDAC. A separate Defense memorandum on its appeal will be lodged with the Chairman of EDAC.

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Distribution:

ED List Parts I & II;
WG I (Limited)

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